

ELI5 Bitcoin – Explain Bitcoin Like I'm Five

Bitcoin is pretty technical, and trying to understand it isn't easy. Knowing exactly how the Internet works isn't easy either, but we can all surf from page to page without any problem.

Bitcoin is no different, you don't really need to know all the intricacies, but for a basic understanding, let me [ELI5 Bitcoin](#) for you.



ELI5 Bitcoin

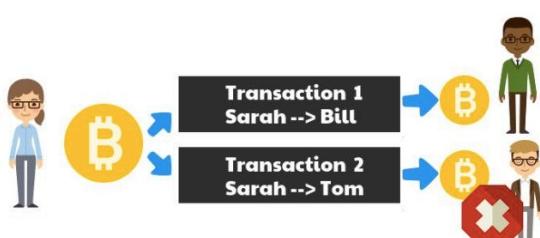
ELI5 Bitcoin

Let's just say there's you and I in a room, and I hand you a dollar. I gave the dollar to you, and now you have it and I don't. We didn't need anybody else to verify the transaction, and I can't take it back unless you give me it back. That dollar is yours now to do whatever you like with it.

Double Spend Problem

But let's say we have a digital dollar and we want to do the same transaction. I send you the digital dollar and you receive it. You have it, as it's in your inbox, and you're a dollar richer, just like the physical way.

Double Spending Problem



Satoshi Nakamoto figured out the double spend problem

But how do you know that dollar is one of a kind? The physical one, as long as it looks like a dollar it will pass for a dollar, but how do you know the digital one isn't copied? I could have paid all my dollar debts with the same digital dollar for all you know.

This is the double spend problem that has gone on since digital money was first thought of. Many people tried and failed to get around the double spend problem, but now with Bitcoin, Satoshi Nakamoto became the first person to figure it out.

Open Ledger

And it's really quite a simple concept. It's called an open ledger. All the digital dollars that I send can be recorded on this open ledger. But I guess anyone could create or edit the ledger I hear you say.

Well, Satoshi got around this problem too. Instead of a central authority like a central bank keeping track of the ledger, Satoshi introduced a decentralized ledger. One which hundreds of thousands of computers have a complete record of.

Every single transaction on the Bitcoin network is recorded on every computer, which runs the Bitcoin protocol. It can't be cheated because if you try to cheat it, your version of the ledger won't match with all the others, and so you will be ostracised by the network.

The rules of the ledger are coded into the protocol, and every computer running it has to abide by the coded law. The protocol is open source so anybody can audit it and check it.

For any new code to be implemented, the majority of the computers running the protocol have to be in consensus. Once the majority are in full agreement, the new code will be programmed and the network will pick up the new law. If the majority

cannot agree a consensus, it cannot be implemented.

Anybody can be part of this network, and for your trouble you get part of the Bitcoin block reward, which is paid out every 10 minutes. It's currently 12.5 BTC but that will be halved next month, and then halved again every four years or so. It's all in the code.

Bitcoin Can Be Sent Anywhere, Anytime

These bitcoins are exchangeable anywhere in the world. They're also divisible by 100 million. You can send as many or as little as you want, and nobody can stop you, and any bitcoins you do send will always go to the address you send it to.



Bitcoin can be sent anywhere at anytime

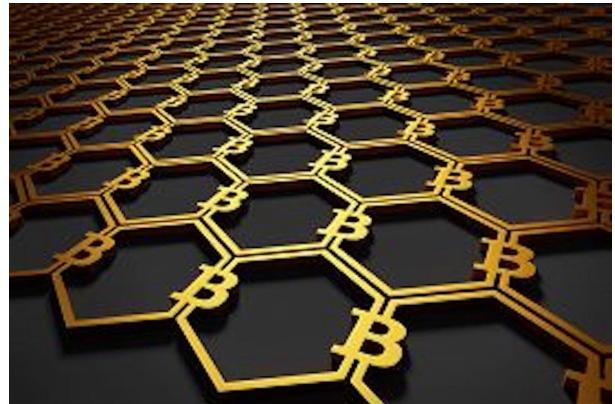
The Bitcoin protocol is programmable, too. Of course, it's a computer program itself. Think of it like the Internet of Money. What do I mean by that?

Think of the Internet as the Internet of Information. It allowed us to send information freely, and everything is sent with the touch of a button.

Bitcoin allows value to be sent just like information on the Internet. Of course we can send value on the Internet, but for that we have a central entity charging us a lot of money. And they can stop it if they want.

Bitcoin can be sent for a fraction of the fee. And programs can be built on top of it like a contract, certificate, or even a check out service. All this can be done on the Internet,

but because it's centralized we have to trust them and pay for the privilege. Bitcoin is trustless – you don't need to trust because every transaction will end up in the place it was sent.



Bitcoin is a network of trust

There's a lot of noise, good and bad, about Bitcoin. Some very intelligent people will tell you it's a scam. But they either have an agenda or they're just misinformed. Many highly intelligent people get things wrong every day.

It's not a scam, and it is money. Better money than the inflated rubbish our governments print. Make up your own mind and don't listen to me, or any misinformed PhD scholar who says it will go to zero. Do some research and discover the truth about money.

[The Bitcoin whitepaper](https://www.bitcoin.org)
www.bitcoin.org
www.bitcoinmaximalist.net